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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 Commission File Number 0-6028

THE ANSONIA DERBY WATER COMPANY
(Exact name of registrant as specified in its charter)

CONNECTICUT (State of other jurisdiction of incorporation or organization)	06-0878647 (I.R.S. Employer Identification No.)
230 Beaver Street, Ansonia, Connecticut (Address of principal executive office	06401 (Zip Code)
(Registrant's telephone number including area code)	(203) 735-1888

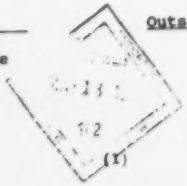
NONE
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports; and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 13 1992
Common stock, no par value	374,584



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ITEM I. FINANCIAL STATEMENTS

THE ANSONIA DERBY WATER COMPANY
BALANCE SHEET (Note A)

	March 31, 1992	Dec 31, 1991	March 31, 1991
ASSETS:			
Utility Plant:			
Plant, property and equipment	$14,247,677	$14,158,625	$13,565,748
Less, Accumulated depreciation	3,999,554	3,917,055	3,749,519
	10,248,123	10,241,570	9,816,229
Current Assets:			
Cash	80,087	88,706	113,337
Accounts receivable, net of allowance for doubtful accounts	821,570	840,034	820,269
Materials and supplies	51,417	68,511	57,484
Prepayments (Note C)	71,354	76,655	97,979
Accrued utility revenue	294,897	319,611	300,375
Total Current Assets	1,319,325	1,393,517	1,389,444
Deferred Charges:			
Other (Note D)	223,650	221,076	116,526
Unamortized debt expense	217,353	221,309	61,806
Deferred regulatory expense	87,836	66,209	70,280
Deferred charges-land dispositions (Note E)	515,841	489,015	499,419
	1,044,880	997,609	748,031
Total Assets	$12,612,328	$12,632,696	$11,953,704
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity:			
Common Stock, no par value, authorized 600,000 shares, issued 374,647 shares	$ 2,155,394	$ 2,155,394	$ 2,155,394
Retained earnings (Note F)	974,850	1,028,489	1,037,338
	3,130,244	3,183,883	3,192,732
Less, Treasury Stock, at cost	598	598	598
Total Stockholders' Equity	3,129,646	3,183,285	3,192,134
Long Term Debt:			
Long Term Debt (Note G)	$ 4,706,570	$ 4,706,570	$ 2,062,804
Current Liabilities:			
Notes payable and current maturities (Note H)	540,000	350,000	2,528,902
Accounts payable and accruals	321,808	452,913	320,711
Taxes Payable Currently	121,916	95,792	109,501
Total Current Liabilities	983,724	898,705	2,959,114
Deferred Gains on Land Disposition (Note I)	747,334	790,471	919,882
Deferred Taxes	1,251,755	1,240,431	1,181,213
Advances and Contributions for Construction	1,793,299	1,813,234	1,638,557
	3,792,388	3,844,136	3,739,652
Total Stockholders' Equity & Liabilities	$12,612,328	$12,632,696	$11,953,704

THE ANSONIA DERBY WATER COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS (NOTE A)
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	3 MONTHS 1992	3 MONTHS 1991
Operating Revenue (Note B)	$ 863,450	$ 884,120
Operating Expenses:		
Operations and Maintenance	185,800	181,053
Purchased Water	146,887	142,392
Administrative and General	219,196	200,272
Depreciation	82,500	69,999
Taxes Other Than Income	142,372	140,813
Taxes on Income:		
Federal	11,325	26,696
State	250	6,198
Total Operating Expense	788,330	767,423
Utility Operating Income	75,120	116,697
Other Income:		
Miscellaneous Non-Operating Income	15,925	4,613
Interest Income	21,935	26,136
	112,980	147,446
Other Deductions	5,297	6,931
	107,683	140,515
Interest and Amortization of Debt Discount & Expense	122,051	111,970
	(14,368)	28,545
Amortization of Prior Years' Deferred Income on Land Dispositions	43,137	31,581
Net Income	28,769	60,126
Retained earnings, beginning	1,028,489	1,059,620
	1,057,258	1,119,746
Dividends paid	82,408	82,408
	974,850	1,037,338
Earnings per share (Note J)	$.08	$.16
Dividends per share	$.22	$.22

THE ANSONIA DERBY WATER COMPANY
STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	3 Months Ended 1992	3 Months Ended 1991
Cash Flows From Operating Activities:		
Net Income	$ 28,769	$ 60,126
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	100,635	118,292
Increases and decreases in assets and liabilities:		
Accounts receivable	43,178	(15,651)
Materials and supplies	17,094	3,378
Prepayments	5,301	(31,477)
Accounts payable and accrued expenses	(104,981)	44,475
Deferred charges	(65,406)	(31,100)
Deferred income taxes	11,324	4,664
Deferred income	(43,137)	(43,137)
Refund customer advance	(19,935)	(1,245)
Total Adjustments	(55,927)	48,199
Net cash flows provided by (used in) Operating activities	(27,158)	108,325
Cash flows from investing activities:		
Net construction expenditures	(89,053)	(114,936)
Net Cash flows used in investing activities	(89,053)	(114,936)
Cash flows from financing activities:		
Net Increase (decrease) in short-term debt	190,000	11,130
Dividends paid	(82,408)	(82,408)
Principal payments on long-term debt	0	(9,209)
Net cash flows provided by (used in) financing activities:	107,592	(80,487)
Net increase (decrease) in cash	(8,619)	(87,098)
Cash, beginning	88,706	200,435
Cash, end	$ 80,087	$ 113,337
Supplemental disclosure of cash flow information:		
Cash paid (received for)		
Interest	256,545	90,883
Income Taxes (Note C)	6,000	36,000
Supplemental disclosure of non-cash flow information: The Company receives contributions of plant from builders and developers. These contributions of plant are reported in utility plant and in customers' advances for construction. The contributions are deducted from construction expenditures to determine cash expenditures by the Company.		
Gross plant additions	$ 89,053	$ 787,982
Customers' contributions	0	673,046
Net Capital expenditures	$ 89,053	$ 114,936

THE ANSONIA DERBY WATER COMPANY
NOTES TO FINANCIAL STATEMENTS

Note A.

Although the statements are prepared without audit, in the opinion of management, all material adjustments for a fair statement of results have been made.

Note B.

The Company's business of selling water is to a certain extent seasonal because water consumption normally increases during the drier and warmer summer months. Accordingly, the results of operations for the quarters ended March 31, 1992 and 1991 do not necessarily reflect results on an annualized basis.

Note C.

Prepayments consist of:

	Mar 31, 1992	Dec 31 1991	Mar 31 1991
State Corporation Tax *	$ 6,000	$	$ 36,000
Legal & Accounting fees	28,025	11,697	21,066
Insurance	19,674	45,073	21,906
Deposits on chem containers	4,050	3,990	4,575
Other Prepaid Expenses	13,605	15,895	14,432
	$ 71,354	$ 76,655	$ 97,979

*The $36,000 State Corporation tax represents the amount collected from a Customer's Advance for Construction specifically for the installment due on March 15, 1991 for the 1991 tax. The balance of the taxes due on this Advance was collected for a June 15, 1991 installment. The $6,000 represents the estimate for the March 15, 1992 payment on 1992 taxes.

Note D.

Other deferred charges consist of:

	Mar 31 1992	Dec 31 1991	Mar 31 1991
Deferred Tax on Advances	$137,458	$139,066	$ 27,464
Pension Expense	50,299	50,299	45,971
Water Supply Plan Expenses	11,827	14,363	21,965
Mapping Expenses	0	0	1,170
Other	24,266	17,348	19,956
	$223,850	$221,076	$116,526

Water Supply Plan Expenses and Mapping Expenses - These costs are being amortized to expense over a five year period.

Tax on Advances - Under the Internal Revenue Code, Contributions In Aid of Construction are considered taxable income with the tax payable by the Company. The Connecticut Department of Public Utility Control has issued instructions allowing the Company to collect the tax from the Contributor but which recognizes the tax savings that ownership of the contributed asset by the Company will create. The tax on these savings is therefore charged to the Company rather than the Contributor. The charge to the deferred account is offset by recognition of the current liability. (Taxes Currently Payable). The increases in these accounts in 1991 were attributable to a large Contribution in Aid of Construction of $1,044,575, with the Company's tax portion of $78,598. This amount is amortizable and the unamortized balance is included in the Company's assets for rate making purposes.

Note E.

Land Disposition Expenses - Costs incurred in connection with the Company's efforts to sell its surplus land consist primarily of legal, appraisal and survey fees. It is the Company's intention to apply these costs against the gross proceeds received from land dispositions as they are consummated.

Additional costs of $26,775 were incurred during the first three months of 1992 while in 1991 for the same three months, the additional costs were $31,100.

Note F.

Dividends - Under the provisions of the Company's Amended and Restated Mortgage Bond Indenture, at March 31, 1992, after payment of the cash dividend on that date, there was available $132,504 of unrestricted retained earnings for payment of future cash dividends or for the future reacquisition of the Company's common stock.

Note G.

Long Term Debt

	March 31 1992	Dec 31 1991	March 31 1991
First mortgage bonds:			
Series B, 9.5%, due October 1994	$ -0-	$ -0-	$1,260,000
Series C, 12%, due June 2012	-0-	-0-	277,666
Series D, 9.8%, due March 2015	-0-	-0-	570,400
Series E, 9.64% due September 2011	4,700,000	4,700,000	-0-
Term Note Due January 1992 *	-0-	-0-	1,100,000
Other	6,570	6,570	7,510
	4,706,570	4,706,570	3,215,576
Current Portion *	-	-	1,152,772
	$4,706,570	$4,706,570	$2,062,804

* (See Note H)

The terms of the Company's mortgage indenture under which its first mortgage bonds were issued and outstanding until August 13, 1991, provided among other things, for declining redemption premiums, annual sinking fund requirements of $52,772, and limitations on (a) payment of cash dividends; (b) incurrence of long-term and total indebtedness; and (c) use of land disposition proceeds.

The terms of the Company's unsecured term note, due in January 1992, required, among other things, mandatory prepayment if all or a portion of excess land, as defined, is sold or upon the issuance of stock, bonds or similar debt instruments. The mandatory prepayment was based on the lesser of the net proceeds of the event or the unpaid principal amount of the loans.

On August 13, 1991, the Company issued $4,700,000 principal amount of its Series E, 9.64% First Mortgage Bonds, due September 1, 2011. The Series E Bonds were issued under an Amended and Restated Mortgage Indenture, which significantly amends and restates many of the provisions of the Company's Mortgage Indenture (the "Original Indenture") under which its prior mortgage bonds (Series B, C and D) were issued. The proceeds of the Series E Bonds were used to (a) redeem all of the prior outstanding mortgage bonds, (b) repay all of the Company's other outstanding indebtedness for borrowed funds, and (c) pay the expenses of the transaction.

The Amended and Restated Mortgage Indenture's restrictions on the payment of dividends on and reacquisition of its capital stock are less onerous than those contained in the Original Indenture.

The Amended and Restated Mortgage Indenture also contains provisions for annual sinking fund payments of $94,000 beginning on September 1, 1997, prohibition of a voluntary redemption prior to September 2, 2001, declining voluntary redemption premiums thereafter, and limitations on the incurrence of future bonded indebtedness.

Note H.

Line of Credit - The Company entered into a new revolving bank line of credit effective September 18, 1991. The new line maximum is $2,000,000 of which no more than $250,000 can be used for Working Capital. In the event of a land sale, the proceeds must be used to reduce the balance of the line. The balance of the new line of credit at March 31, 1992 was $540,000, of which $40,000 has been applied against the working capital limit.

The Company's Amended and Restated Mortgage Indenture does not restrict additional borrowings of any kind except for bond issues.

The Notes Payable and Current Maturities consist of the following elements:

	March 31 1992	Dec 31 1991	March 31 1991
Line of Credit	$540,000	$350,000	$1,376,130
Term Note Due 1992			1,100,000
Current Maturities of Other Long Term Debt	-	-	52,772
	$540,000	$350,000	$2,528,902

Note I.

Land Dispositions and Amortization of Income on Land Dispositions of prior years

The DPUC has prescribed a rate making procedure for the accounting for income from land dispositions which has the effect of sharing the economic benefits between rate payers and shareholders over a period of time. Accordingly, the Company includes in its income in years in which it has a land disposition only a portion of the income that was realized from such dispositions. (There were no land sales or disposition in 1991, nor have there been any to date in 1992). The balance of the income is deferred and amortized to the Company's rate base and equity for rate making purposes, and to income for financial reporting purposes, over the period of time during which the ratemaking procedure is in effect. For the quarter ended March 31, 1992, $43,137 (net of income taxes) was included in income and $31,581 (net of income taxes and merger expenses) was included for the same period of 1991.

Note J.

Earnings per share - The Company has only one class of stock outstanding; earnings per share are computed by dividing the outstanding shares of common stock (374,584) into the earnings for all periods presented.

Note K

Rate Matters - In November, 1991, the Company filed an application with the Connecticut Department of Public Utility Control designed to increase water service revenue by $603,000. The Company subsequently revised its request downward seeking only $540,000 of increased annual revenues, or 14.8% over existing rates. A decision was handed down granting The Company additional revenues of $427,000 or an increase of 11.77% effective April 15, 1992. These general rates will be in place until April 1, 1995, but the Company has the ability to file for revenue increases on April 1, 1993 and 1994 for additional expenses over which the Company can exercise little or no control.

ITEM II

MANAGEMENT DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

RESULTS OF OPERATIONS

Operating Revenues

For the three months ended March 31, 1992, operating revenues decreased by $20,670 from the same period of 1991. The decreases which occurred in billings to commercial and industrial customers accounted for over 70% of the total decrease. The Company believes the decreased water use in the commercial and industrial sectors reflects a depressed local and regional economy.

Utility Operating Income

The Company's Utility Operating Income was $75,120 for the first three months of 1992 as compared to $116,697 for the same period in 1991. There were increases in all categories of Operating Expenses except for Taxes on Income. A general wage increase to the Company's employees which overall amounted to 5%, an increase in the price of purchased water, increased depreciation charges, and higher rates for employee health insurance were the major factors contributing to the $20,907 net increase in Operating Expense. This increase together with the decreased revenues, caused the $41,577 decrease in Utility Operating Income.

Taxes

As a result of reduced pre-tax income and a reduction in the Connecticut Corporation Tax rate, Taxes on Income at March 31, 1992 were $21,289 lower than they were on March 31, 1991.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" which changed the method of accounting for income taxes. Upon adoption, which is required for years beginning after December 15, 1992, the most significant impact on the Company will be a reduction in previously provided deferred taxes which will reflect the reduction in the corporate income tax rate. The Company will not be permitted to recognize the effects of this change as income in the year of adoption, but will be required to return any benefit from the reduction in deferred taxes to ratepayers over the remaining lives of utility plant assets.

Interest Income

Interest income decreased by $4,201 from the quarter ended March 31, 1991 compared to the same quarter of 1992. The largest segment of interest income is derived from the land disposition of December 1990. In 1991, because the disposition occurred in late 1990, 102 days of interest income was recognized during the March 31 quarter while in 1992 a normal 91 day period was used for the calculation. In addition, the less favorable operating results caused a reduction in the Company's cash investments for the first quarter of 1992 when compared to the like period of 1991, which further decreased interest income.

Miscellaneous Non-Operating Income

The increase of $11,312 reflects the recognition of a management fee earned as it became available rather than on a semi-annual basis.

Interest Expense

The average interest bearing debt was $4,564,359 and $5,151,750 during the quarters ended March 31, 1991 and 1992, respectively. As a result, despite the fact that average interest rates decreased from 9.80% to 9.48%, interest expense rose from $111,970 to $122,051 during the March 31, 1991 and 1992 quarters, respectively.

FINANCIAL CONDITION

Total stockholders' equity decreased during the first three months of 1992 from $3,183,285 to $3,129,646 or $.14 per share after a dividend payment of $.22 per share.

The Company projected in mid 1991 that it might need to utilize its line of credit for operational needs in early 1992. That projection was accurate. As a result, in order to return to being able to generate sufficient funds internally to meet its day to day operational needs, the Company filed an application with the Connecticut Department of Utility Control (DPUC) in November 1991 for a general rate increase.

The DPUC has granted new rates effective April 15, 1992, which will increase overall annual revenues by approximately $427,000 or 11.77%. These general rates will be in effect until April 1, 1995, but if certain expenses increase, the Company will be allowed to seek additional rate relief to be effective April 1, 1993 and April 1, 1994.

The Company now projects that it will be able to meet its operational needs within a short time as a result of the rate increase. It will not, however, be able to generate sufficient funds from sales of water to satisfy all of its construction plans.

With the abandonment of four reservoirs in 1988, which permits the sale of approximately 600 acres of land contiguous to those reservoirs, the Company believes that by selling excess lands it can generate sufficient equity capital to support its 10 year capital budget, currently estimated at $8,600,000. Such land dispositions are subject to approval by the DPUC.

In 1990, the Company received $173,028 from a developer to whom the Company assigned the right to obtain the necessary regulatory and environmental approvals to develop certain surplus acreage in Seymour, Connecticut and to pay the full purchase price to the Company by April 10, 1992. In late March 1992, the developer requested a six month extension until October 9, 1992. The Company has agreed to grant this request subject to approval by the DPUC. When the Company completes this transaction, it is expected to result in additional gross proceeds of approximately $1.4 million.

On August 13, 1991, the Company issued $4,700,000 principal amount of its 9.64% Series E First Mortgage Bonds, due September 1, 2011 (the "Series E Bonds"), the proceeds of which were used to (a) redeem all of the Company's previously issued and outstanding first mortgage bonds, (b) repay all of the Company's issued and outstanding indebtedness for borrowed funds, and (c) pay the expenses of the transaction.

The Series E Bonds were issued under an Amended and Restated Mortgage Indenture, which significantly amended the restrictions with respect to the issuance of additional indebtedness contained in the Company's then existing Mortgage Indenture (under which the Company's previously issued and outstanding first mortgage bonds had been issued) (the "Original Indenture").

Unlike the Original Indenture, the Amended and Restated Mortgage Indenture does not restrict the issuance of either long or short term unsecured debt, and the Company has entered into a new $2,000,000 line of credit, the details of which are set forth in Note H to the Financial Statements.

The 1992 Capital Budget is divided into two tiers, with the first tier of regular and mandated capital improvements estimated to be $355,000 and expected to be funded from internally generated funds. The second tier of the 1992 Capital Budget included $1,156,000 of Distribution System Improvements.

Through the use of the Company's $2,000,000 revolving line of credit, the Company expects to have sufficient cash availability to complete substantially all of the tier two projects in 1992, but does not intend to do so unless it has a reasonable expectation that land disposition proceeds will be available within a reasonably short period of time to repay the short term indebtedness incurred for the projects. The Company expects that the 1990 Seymour land disposition described above will produce after-tax proceeds available for investment in capital projects of approximately $760,000. With the first $400,000 of such proceeds expected to be used to repay the indebtedness incurred to fund the Quillinan Dam improvements completed in 1991, unless additional sources of long term capital become available, the Company expects that only approximately $360,000 of additional tier two projects will be completed in 1992.

The Company does not expect to consummate any new or additional land dispositions in 1992. The Company regularly explores the marketability of its excess land, but it does not currently have any specific dispositions of land targeted for 1992, other than the completion of the 1990 Seymour transaction described above.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings. Not applicable.

Item 2. Changes in Securities. Not applicable.

Item 3. Default Upon Senior Securities. Not applicable

Item 4. Submission of Matters to a Vote of Security Holders. Not applicable

Item 5. Other Information. Not applicable

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits - None.

(b) Form 8K - None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

THE ANSONIA DERBY WATER COMPANY
Registrant

Aldore J. Rivers, President

Dated: May 13, 1992

Leroy A. DeFrances, Treasurer